



DATE: July 21, 2016
TO: Board of Commissioners
FROM: Faye Brown, Interim Executive Director
SUBJECT: Report Number 16-38

Authorizing Execution of Fiscal Year 2016-17 Intergovernmental Service Level Agreement – General Fund Special Appropriations with the City of Portland to Provide Funding of \$5,818,465 to the Portland Development Commission for Economic Development Activities on a Citywide Basis

BOARD ACTION REQUESTED

Adopt Resolution No. 7200.

ACTION DESCRIPTION

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) will authorize an intergovernmental agreement (IGA) with the City of Portland (City) through the City Budget Office to transfer \$5,818,465 to PDC to fund certain economic development activities, including neighborhood economic development and traded sector job creation and retention on a citywide basis. These activities have been budgeted for in the fiscal year (FY) 2016-17 Adopted PDC Budget.

This IGA, which has been authorized each of the past seven years, allows for the transfer of City General Fund dollars to support PDC's economic development activities.

BACKGROUND AND CONTEXT

PDC has implemented economic development activities on behalf of the City for many years. However, both urban renewal area (URA) and tax increment financing (TIF) restrictions limit PDC's ability to fund and deliver neighborhood economic development and traded sector job creation and retention. PDC is generally unable to address these activities since they are either outside a URA or are not TIF-eligible and cannot be funded with TIF resources.

This IGA represents a decrease in funding of \$1,178,645 from the FY 2015-16 IGA total. The decrease is largely related to higher one-time funds that were included in last year's IGA (the prior IGA included one-time funding for the Neighborhood Prosperity Initiative (NPI) Opportunity Fund and Inclusive Startup Fund. The General Fund Special Appropriations identified in the IGA are included in the FY 2016-17 Adopted Budget for both PDC and the City.

COMMUNITY AND PUBLIC BENEFIT

The IGA allows PDC to use its established expertise in economic development on a citywide basis. Without the contribution of the City's General Fund, PDC's ability to undertake economic development activities outside of URAs would be very limited.

The scope of services provides for both neighborhood economic development and traded sector job creation and retention.

Neighborhood Economic Development includes support for:

- Neighborhood Commercial Corridors
- Venture Portland
- Small Business Technical Assistance
- Workforce Economic Opportunity Initiative
- Small Business Working Capital Loan Fund

Traded Sector Job Creation and Retention includes support for:

- Cluster Development
- Inclusive Entrepreneurship

Through the above programs, this action supports the PDC 2015-2020 Strategic Plan objectives of increasing access to employment, creating healthy, complete neighborhoods, and equitable wealth creation.

PUBLIC PARTICIPATION AND FEEDBACK

Public participation occurred as part of the FY 2016-17 budget process, primarily during discussions with the Neighborhood Economic Development Leadership Group Budget Sub-Committee and through testimony provided to Portland City Council acting as PDC's Budget Committee on May 18, 2016.

BUDGET AND FINANCIAL INFORMATION

This action will allow PDC to receive \$5,818,465 in City General Funds to implement the following economic development activities:

- Neighborhood Economic Development – \$4,013,814
- Traded Sector Job Creation and Retention – \$1,804,651

The IGA and budget includes a slight decrease in ongoing funding due to the City's direction to reduce ongoing funds by five percent. However, the budget includes one-time funding for the following programs:

- \$211,000 in new one-time funding for a grant to the Living Cully project;
- \$90,000 in one-time carryover funding from the Spring Budget Monitoring Process for the Innovation Fund;
- \$166,036 in one-time funding for the Venture Portland East Portland Pilot Project.

The budget for Neighborhood Economic Development includes NPI revenue sharing of \$150,000. Revenue sharing, based on Oregon Revised Statutes Chapter 457, has been triggered for the FY 2015-16 year; in accordance with existing agreements with the City, the City will provide its share of NPI revenue sharing back to the NPI districts. These funds have been budgeted to each NPI district according to the amount of estimated TIF revenue sharing that will occur for each NPI in the FY 2016-17 Adopted Budget. A similar agreement that is separate from this IGA exists with Multnomah County for its share of NPI revenue sharing.

RISK ASSESSMENT

Should the PDC Board choose not to adopt the resolution, PDC would not be able to proceed with General Fund programs outlined in the FY 2016-17 Adopted Budget. While PDC has contingency to

cover these expenditures, any further program work would be halted as this work is not TIF-eligible and PDC does not have sufficient non-TIF resources available or budgeted.

ALTERNATIVE ACTIONS

PDC does not have any other current sources of funding that could be diverted to these economic development activities.

ATTACHMENTS

None.